

15 November 2018

Mr Robert Bernau
Head of Energy, Airports and Dairy Regulation
Commerce Commission
44 The Terrace, Wellington, 6011

VECTOR LIMITED
101 CARLTON GORE ROAD
PO BOX 99882
AUCKLAND 1149
NEW ZEALAND
+64 9 978 7788 / VECTOR.CO.NZ

By email: Robert.Bernau@comcom.govt.nz
CC: Regulation.Branch@comcom.govt.nz

Dear Rob,

Transpower IPP 2020 – Process, Framework and Approach Paper

1. Attached to this cover letter is Vector's submission to the Commission's Process, Framework and Approach Paper for Transpower's Individual Price Path (IPP).
2. Our submission raises some important matters relevant to transmission regulation that need to be considered for Transpower's third regulatory control period (RCP3). We believe these issues need to be discussed to ensure the regulatory settings are appropriate for transmission services. We recommend the differences in cashflow treatment between distribution and transmission networks needs to be resolved. Our submission shows how Transpower's cashflow model has contributed to rising electricity prices, credit risk for EDBs and distorted electricity consumption forecasts.
3. If you have any questions in relation to this cover letter or report please contact Richard Sharp on (09) 978 7547 or Richard.Sharp@vector.co.nz.

Kind regards

A handwritten signature in blue ink, appearing to read "A Botha".

Andre Botha
Chief Networks Officer